



GUJARAT INDUSTRIES POWER COMPANY LTD.

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CIN: L99999GJ1985PLC007868

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

The Securities and Exchange Board of India (SEBI) vide notification SEBI (Listing Obligations and Disclosure Requirements) (Second Amendments) Regulations, 2016 dated July, 8, 2016 has inserted new Regulation 43A and it has made it mandatory for Top 500 (Five Hundred) listed Companies by Market Capitalization to formulate a Dividend Distribution Policy and disclose the same on their website and web link shall also require to provide in the Annual Report. Later on, the same become applicable to top 1000 (One Thousand) Listed Company vide SEBI (Amendment) Regulations, 2021 Regulation 43A (1) of SEBI (LODR) Regulations, 2015

OBJECTIVE AND SCOPE

The aim of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividends and the circumstances under which the shareholders of the Company may or may not expect dividend, etc., and also as Gujarat Industries Power Company Limited (GIPCL) is covered under top 1000 (One Thousand) listed company as per the market capitalization as on 31st March, 2024.

DEFINITIONS

“Act” means the Companies Act, 2013 and Rules framed thereunder, including any amendments, modifications, clarifications or re-enactment thereof.

“Board of Directors or Board” means Board of Directors of the Company.

“Company” means Gujarat Industries Power Company Limited.

“Dividend” means Dividend as defined under the Companies Act, 2013.

“Policy” means this Dividend Distribution Policy.



“SEBI Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (**“SEBI Listing Regulation”**), including any amendments, modifications, clarifications or re-enactments thereof.

“Market Capitalization” means Market Capitalization as on 31st March of the immediate preceding Financial Year.

EFFECTIVE DATE AND APPLICABILITY

This policy shall be applicable to the Company with effect from the date of its approval by the Board, i.e. 07/08/2021. Considering the latest amendment in SEBI Listing Regulations, the said policy has been revised on 18th May, 2024.

This Policy shall not apply to:

- Determination and declaring dividend on preference shares, if any, to be issued by the GIPCL at a later date, as the same will be as per the terms of issue to be approved by the shareholders;
- Distribution of dividends in kind i.e. Issue of bonus shares or other securities by the Company, subject to applicable laws;
- Buyback of equity shares.

The Policy may be reviewed, if required, when the Company issues different classes of shares.

STATUTORY REQUIREMENTS

The Board while taking decision of a dividend payout during a particular financial year, will comply with the statutory requirements including the Companies Act, 2013 and rules made thereunder.

Further, the Board of Directors will also take a decision to declare/recommend dividend after taking into account the Profits of the Company after providing depreciation as per the provisions of the Companies Act, 2013 and after transferring to the reserves such amount as may be required under Law and/or as may be considered appropriate by the Board.

In case of Interim Dividend, the profits as per the unaudited financial results for/up to the last quarter (after providing depreciation as per the Companies Act, 2013) which have been approved by the Board and for which limited review as per “SEBI Listing Regulations” has been carried out shall be considered. The Board will also take into consideration, the perception of the management with regard to, likely profits in the remaining part of the Financial Year, the prevailing and likely future prices of the products, future capital expenditure plans, likely maturity of short-term liabilities/investments etc.



FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

The Board decision in respect of dividend payout or retention of profits will, inter-alia, be based on the following Financial Parameters:

- a) Magnitude of current year's earnings of the Company;
- b) Operating cash flow of the Company;
- c) Return on invested capital;
- d) Cost of borrowings;
- e) Obligations to lenders;
- f) Inadequacy of profits;
- g) Post dividend EPS;
- h) Agreements with lending institutions/ Bondholders/Debenture Trustees;
- i) Proposals for major capital expenditures;
- j) Any other factors as may be deemed fit by the Board.

INTERNAL AND EXTERNAL FACTORS

The Board decision in respect of dividend payout or retention of profits will, inter- alia, be based on the following factors;

INTERNAL FACTORS:

- a. Profit earned during the year, Earning Per Share and profits available for distributions;
- b. Operating cash flow of the Company;
- c. Past performance and dividend history of the Company;
- d. Return on capital invested;
- e. Capital expenditure requirements for future expansion plans / projects of the Company;
- f. Investments in subsidiaries / associates/ Joint Ventures/ any other Company as a promoter;
- g. Provisions for contingencies;
- h. Cost of borrowings and outstanding loans;
- i. Any other factors as may be deemed fit by the Board.

EXTERNAL FACTORS:

- a. Economic environment;
- b. Statutory provisions;
- c. Taxation and other regulatory matters.
- d. Global conditions;
- e. State Government / Central Government Guidelines



CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well unless the Company is restrained to declare dividends under the following circumstances:

- a. In case of absence of profits or inadequacy of profits;
- b. Out of reserves, except for the reasons to be expressly laid down;
- c. In case of any proposed expansion project /plan which requires significant amount of capital investments;
- d. In case of any proposed acquisition or joint venture or restructuring;
- e. In case of any proposal/plan to utilize surplus cash for buy- back of its securities;
- f. In case of any circumstances which affects the free cash flow position of the Company;
- g. Such other factors as the Board may consider appropriate to declare or not to declare the dividend.

MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earning in order to make better use of the available funds and increases the value of stakeholders in long run. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- a. Strategic and long-term plans of GIPCL;
- b. Diversification & expansion opportunities;
- c. Revamp of ageing plants and for achieving better energy efficiency;
- d. Non – fund based need of GIPCL, its Subsidiary and Joint Ventures which may require GIPCL to have healthy consolidated balance sheet;
- e. Any other criteria which the Board of GIPCL may consider appropriate, from time to time.

PARAMETERS TO BE ADOPTED WITH REGARDS TO VARIOUS CLASSES OF SHARES

The Company has presently issued only one class of equity shares with equal voting rights. The policy may be revisited, if required, at the time of issue of any new class of shares depending upon the nature and guideline thereof.

POLICY REVIEW AND AMENDMENTS

This Policy will be subject to modification in accordance with the guidelines /clarifications as may be issued by the Regulatory Authorities. The Board of Directors may modify, add, delete or amend any of the provisions of this Policy, as it deems appropriate.

